

OUTLINE: AFTERMATH OF BERLIN RIOTS

- I. General - German situation has broad ramifications for the Kremlin.
 - A. There was apparent miscalculation of the effects of the post-Stalin soft policy.

- II. East Germany
 - A. Situation is tense, but Soviet military has largely restored order.
 - 1. Violence has been confirmed in 7 major cities and reported in 15 others.
 - 2. 20,000 Soviet troops were deployed in Berlin alone.
 - B. GDR regime has:
 - 1. Threatened harsh actions against leaders of riots.
 - 2. Announced palliative economic measures:
 - a) Restoration of private shops to owners.
 - b) Expansion of consumer goods production at expense of heavy industry.
 - c) Reduction of work norms.
 - d) Greater social security for workers.
 - 3. Offered no political concessions.
 - C. These conciliatory measures slow, but do not terminate socialization.
 - 1. Labor is still expected to increase production to gain a favorable response to its "just demands."

- III. West Germany
 - A. Popular reactions.
 - 1. The Berlin riots sparked widespread demands for unity.

~~SECRET~~
B. Government reactions

1. Government circles predicted that unity was now less probable.
2. Adenauer now repeated his demand that unity be based on free elections and freedom of alliance.
3. The opposition Social Democratic party supported the chancellor's conditions for unity.

C. Attitudes on future unity moves

1. West German political leaders except Reuter will not treat with present East German leaders.
2. Reuter may now promote all Berlin elections; Ollenhauer wants Allies to seize initiative to call four-power meeting.
3. Adenauer still seeks to avoid a four-power meeting prior to the September elections.
4. A Soviet offer to discuss unity would probably be favorably entertained by the populace although their terms for unity will remain high.
5. The Bonn government will be less susceptible to Soviet pressure after the September elections.

IV. Eastern Europe

- A. There are no indications of Soviet concessions in Eastern Europe equivalent to those in Germany.
 1. Socialization had not advanced as far in East Germany and could be more easily modified.
 2. Pressing need for liberalization absent in Satellites.
- B. No indications exist that disorder spread from Germany into the Satellites.
 1. However, reports of the German riots may foster sullenness among Satellite peoples.
 2. Sympathy and admiration for the Germans reported in Rumania and Czechoslovakia.
- C. Tightened controls in Eastern Europe are not likely to cause serious outbreaks of resistance.

1. Control measures there are sufficient to put down spontaneous uprisings which are possible under some circumstances.
2. Under some circumstances, disorders of the type occurring recently in Prague are possible.

V. Probable Soviet reactions

- A. Soviet objectives in initiating the liberalization program were:
 1. To alleviate internal conditions in East Germany which were running counter to Soviet interests.
 2. To fan German unity sentiment.
- B. These objectives remain unaltered despite the riots and the setback to the "peace" campaign.
 1. Consequently, a continuation of conciliatory economic tactics is likely.
- C. The naked display of force has reduced Soviet maneuverability with respect to Germany.
 1. Soviet propaganda position weak.
 2. Reshuffle of GDR Government may be resorted to.
- D. USSR faces dilemma.
 1. Continued conciliation in the GDR may foster Satellite resistance.
 2. Failure to conciliate will heighten German discontent and weaken the "peace" offensive.
- E. Indications are that the USSR will:
 1. Continue liberal economic policies in the GDR, without significant political concessions.
 2. Maintain order by force as long as necessary.
 3. Make new unity appeals.
 4. Risk any possible resultant disorders in Eastern Europe.